

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2007-74-C - ORDER NO. 2007-265
APRIL 20, 2007

IN RE: Application of BellSouth Long Distance, Inc.)	ORDER GRANTING
d/b/a AT&T Long Distance Service to Revise)	REQUEST TO REVISE
Maximum Rate and Actual Rates for)	MAXIMUM AND
Residential Message Telecommunications)	ACTUAL RATES
Service.)	

I. INTRODUCTION

This matter comes before the Commission upon a Request by BellSouth Long Distance, Inc. (“BSLD”) for approval by the Public Service Commission of South Carolina (“the Commission”) to revise the maximum rate and the actual rate for its Residential Message Telecommunications Service (“RMTS”) in South Carolina and upon a Motion for Expedited Review and Approval of Request to Revise Maximum and Actual Rates. For the reasons set forth below, the Commission finds that both the Motion and the Request should be granted.

On February 26, 2007, BSLD filed its Request, along with supporting Verified Testimony, seeking Commission approval to revise the maximum rate and the actual rate for its Residential Message Telecommunications Service (“RMTS”) in South Carolina.¹

¹ See Request at 1. BSLD redacted certain information in the Request and the supporting Verified Testimony, and it asked the Commission to enter a Protective Order in this Docket. The Commission entered a Protective Order dated March 20, 2007, and BSLD filed unredacted versions of its Request and supporting Verified Testimony (and served these unredacted versions on the Office of Regulatory Staff (“ORS”)) under seal on March 27, 2007.

The Request proposes an effective date of April 27, 2007 for the revisions.² The Request states that BSLD “is revising its tariff to, among other things, more closely align the rates for RMTS customers with the administrative time and expense of serving these customers and to provide an incentive to these customers to opt for one of the many domestic toll calling plans BSLD offers.”³ The Request also notes that “BSLD is attempting to implement this tariff revision on a uniform basis throughout the nine states that comprise the operating region of BellSouth Telecommunications, Inc.”⁴

On March 2, 2007, the Commission’s Docketing Department instructed BSLD to publish, one time, a Notice of Filing in newspapers of general circulation in the areas of the state affected by BSLD’s Request. BSLD complied with these instructions and on March 26, 2007, BSLD filed with the Commission proof of publication of the Notice of Filing.

On April 3, 2007, BSLD filed Supplemental Verified Testimony of Kimberly A. Williams⁵ and a Motion for Expedited Review and Approval of its Request. BSLD’s Motion states that the Notice of Filing established April 2, 2007 as the deadline for persons to notify the Commission if they wish to participate in this docket. As of that deadline, no protests, Petitions to Intervene, or other notices have been filed with the Commission or served upon BSLD. Moreover, the Motion states that the ORS has

² See *Id.* at 2.

³ See *Id.* at 6.

⁴ See *Id.*

⁵ This Supplemental Verified Testimony informed the Commission that BSLD has completed the notification process described at pages 7-8 of Ms. Williams’ Verified Direct Testimony.

informed BSLD that it does not oppose the relief sought in the Request and that it does not oppose BSLD's Motion for Expedited Review and Approval of Request.

II. SUMMARY OF EVIDENCE

The uncontroverted evidence of record shows that BSLD is one of many service providers authorized to provide interexchange service in South Carolina.⁶ Residential customers in South Carolina can choose to have any of these numerous providers carry: their intrastate, interexchange calls; their interstate, interexchange calls; or both.⁷ If a residential customer in South Carolina opts to have BSLD carry one or more of these types of calls for the customer, that customer can then choose from several different plans offered by BSLD.⁸ One plan, for instance, allows residential customers to pay a monthly recurring charge of \$1 plus 10 cents per minute for domestic toll calls.⁹ Another plan allows residential customers to pay a monthly recurring charge of \$2.99 plus 5 cents per minute for domestic toll calls.¹⁰ BSLD's residential domestic toll plans do not contain volume or term commitments, and they do not provide for termination charges or similar payments.¹¹ For a small monthly recurring charge, each of BSLD's residential domestic toll plans offers lower per-minute rates than BSLD's RMTS tariff.¹²

⁶ See Verified Direct Testimony of Kimberly A. Williams at 3.

⁷ *Id.*

⁸ *Id.* at 4.

⁹ *Id.* See also BSLD's South Carolina P.S.C. Tariff No. 3, §4.2.36 (BellSouth® Dollar Plan), Appendix A-Current Rates and Charges A.36.

¹⁰ *Id.* See also BSLD's South Carolina P.S.C. Tariff No. 3, §4.2.18 (BellSouth® Advantage 5¢ Plan), Appendix A – Current Rates and Charges A.62.

¹¹ *Id.* at 4-5.

¹² *Id.* at 5.

BSLD's RMTS tariff does not apply to any customer who opts to participate in one of BSLD's residential domestic toll plans.¹³ Instead, BSLD's RMTS tariff applies only to residential customers who opt to have BSLD carry one or more types of their domestic toll calls, but who do not opt to participate in any of the many domestic toll calling plans offered by BSLD.¹⁴ The RMTS service "is offered on a flat rate basis, twenty-four hours per day, seven days per week," and "[n]o monthly recurring charge applies for this service."¹⁵ Currently, the maximum rate for BSLD's RMTS is 31 cents per minute,¹⁶ and the actual rate for BSLD's RMTS is 18 cents per minute.¹⁷

BSLD has not revised the actual or maximum rates for its RMTS service in South Carolina since the service was introduced in 2002.¹⁸ BSLD proposes to restructure the rates for its RMTS by changing from a single rate that applies at all times of the day to a "peak" and an "off-peak" rate.¹⁹ Under the revised tariff, a rate of 35 cents per minute applies during the "peak period" (8:00 a.m. to, but not including, 5:00 p.m. Monday through Friday), and a rate of 25 cents per minute applies during the "off-peak" period (all other times).²⁰ BSLD also proposes to change the maximum RMTS rate to 50 cents per minute for both the "peak" and the "off-peak" periods.²¹

¹³ *Id.* at 2.

¹⁴ *Id.*

¹⁵ See BSLD's South Carolina P.S.C. Tariff No. 3, §4.2.1.

¹⁶ *Id.*, §4.2.1(G).

¹⁷ *Id.*, Appendix A-1(G).

¹⁸ See Williams' Verified Direct Testimony at 6.

¹⁹ *Id.* at 6.

²⁰ *Id.*

²¹ *Id.* at 7.

The tariff changes that are the subject of this Request affect a very small percentage of BSLD's domestic toll customers in South Carolina.²² The percentage of current RMTS usage that occurs from 8:00 a.m. up to, but not including, 5:00 p.m. Monday through Friday,²³ and the percentage of RMTS usage occurs during other times,²⁴ are in the evidence of record before the Commission.²⁵

BSLD has voluntarily provided each of its current RMTS customers direct notification of the proposed rate changes, either by bill message or by a post card mailing.²⁶ The text of the direct notification is as follows:

Subject to regulatory approvals, BellSouth Long Distance plans to increase its intrastate and state-to-state prices for Residential Message Telecommunications Service (MTS) calls from \$0.18 per minute to \$0.35 per minute for calls made during Peak time and to \$0.25 per minute for calls made during Off-Peak time. Peak time applies to calls made Mon.-Fri. between 8:00 a.m. to, but not including, 5:00 p.m. Off-Peak time applies to calls made during all other time periods. These prices will become effective no sooner than April 27, 2007. You can save money by signing up for a BellSouth Long Distance domestic calling plan. We offer a variety of domestic calling plans with great rates for added savings and value. Call our service associates today or visit us on-line at www.bellsouth.com/longdistance to find the best plan to fit your calling needs.²⁷

BSLD began this notification process on March 1, 2007 and completed the process by March 31, 2007.²⁸

²² See Williams' Verified Direct Testimony at 5.

²³ This is the "peak period" under BSLD's revised RMTS tariff.

²⁴ This is the "off-peak period" under BSLD's revised RMTS tariff.

²⁵ These percentages, which are subject to the Confidential Order entered in this Docket, are set forth at pages 5 and 6 of the unredacted Williams' Verified Direct Testimony.

²⁶ *Id.* at 7. See also Verified Supplemental Testimony of Kimberly A. Williams at 1-2.

²⁷ *Id.* at 7-8.

²⁸ *Id.* at 8.

The evidence reflects that several other interexchange carriers in South Carolina, including Verizon, MCI, Embarq and 1-800-Reconex, already charge different RMTS rates for calls placed at different times.²⁹ BSLD's proposed new actual rates are comparable to the actual RMTS rates of other service providers in South Carolina.³⁰ Similarly, BSLD's proposed new maximum rate is comparable to the maximum RMTS rates of other service providers in South Carolina.³¹

As noted above, BSLD's RMTS tariff applies only to residential customers who opt to have BSLD carry one or more types of their domestic toll calls, but who do not opt to participate in any of the many domestic toll calling plans offered by BSLD. BSLD's witness testified that as a group, these customers tend to "churn" from one service provider to another on a regular basis and much more frequently than is the case with customers who are on a domestic toll plan.³² Each time BSLD loses or regains such a customer, it incurs transactional costs.³³ BSLD's witness, therefore, testified that BSLD is revising its tariff to, among other things, more closely align the rates for RMTS customers with the administrative time and expense of serving these customers and to provide an incentive to these customers to opt for one of the many domestic toll calling plans BSLD offers.³⁴ As noted above, the customer notification BSLD voluntarily provides informs RMTS customers that BSLD offers several domestic toll calling plans at lower rates to those customers. Finally, BSLD's witness testified that BSLD is

²⁹ Williams' Verified Direct Testimony at 8.

³⁰ *Id.* at 8-9.

³¹ *Id.* at 9.

³² *Id.* at 10.

³³ *Id.*

³⁴ *Id.*

attempting to implement this tariff revision on a uniform basis throughout the nine states that comprise the operating region of BellSouth Telecommunications, Inc.³⁵

III. DISCUSSION

In 1997, the Commission entered an Order authorizing BSLD to provide interexchange service in South Carolina and holding, in part, that “[BSLD] is granted ‘relaxed regulation’ as set forth in Orders Nos. 95-1734 and 96-55.”³⁶ For BSLD’s “non-business services offerings” such as RMTS, the Commission adopted a “rate design” that “includes only maximum rate levels for each tariff charge.”³⁷ The Commission Order provided that prior to reducing a tariff charge for a non-business service below the maximum level, BSLD must “file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes.”³⁸ If the reductions “do not affect the general body of subscribers or do not constitute a general rate reduction,” the “public notice requirement is waived, and therefore not required”³⁹ The Commission further provided that “[a]ny proposed increase in the maximum rate level reflected in the tariff which would be

³⁵ *Id.* at 10-11.

³⁶ See Order Approving Certificate, *In Re: Application of BellSouth Long Distance, Inc. for a Certificate of Public Convenience and Necessity to Provide Resold Telecommunications Services and for Approval of Alternative Regulatory Plan*, Order No. 97-963 in Docket No. 97-285-C at p. 6 (November 7, 1997). BellSouth Long Distance, Inc. subsequently merged with BellSouth BSE, Inc., and later it obtained Commission approval to operate under the d/b/a name of “AT&T Long Distance Service.” See Order Granting Motion and Joint Application, *In Re: Joint Application of BellSouth BSE, Inc. and BellSouth Long Distance, Inc. for Approval of Merger*, Order No. 2004-299 in Docket No. 2004-45-C (June 18, 2004); Order Approving Name Modification and Amending Commission’s Records, *In Re: Application of BellSouth Long Distance, Inc. to Operate Under the d/b/a of AT&T Long Distance Service*, Order No. 2007-131 in Dockets No. 1997-285-C, 1997-361-C, & 2007-9-C (February 22, 2007).

³⁷ See Order Approving Certificate, *In Re: Application of BellSouth Long Distance, Inc. for a Certificate of Public Convenience and Necessity to Provide Resold Telecommunications Services and for Approval of Alternative Regulatory Plan*, Order No. 97-963 in Docket No. 97-285-C at p. 5 (November 7, 1997).

³⁸ *Id.*

³⁹ *Id.*

applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540.”⁴⁰

The evidence shows that as a group, BSLD's RMTS customers tend to “churn” from one service provider to another on a regular basis and much more frequently than is the case with customers who are on a domestic toll plan⁴¹ and that each time BSLD loses or regains such a customer, it incurs transactional costs.⁴² The Commission finds that it is reasonable for BSLD to revise its RMTS tariff to, among other things, more closely align the rates for RMTS customers with the administrative time and expense of serving these customers and to provide an incentive to these customers to opt for one of the other domestic toll calling plans BSLD offers.⁴³

This finding is supported by the evidence of record, including without limitation the following. The tariff changes that are the subject of this Request affect a very small percentage of BSLD's domestic toll customers in South Carolina.⁴⁴ Additionally, existing BSLD RMTS customers have been notified in writing that they can “save money

⁴⁰ *Id.* In its Request, BSLD reserved its legal arguments that the changes to the actual rates for RMTS addressed in its Request do not require Commission review or approval because they are not applicable to the general body of the Company's subscribers. *See* Request at ¶13. BSLD further reserved its legal arguments that the changes to the actual rates addressed in its Request do not constitute an increase above the maximum rate under its current tariff. *Id.* at ¶14. BSLD, however, made it clear that it wished to avoid unnecessary argument and delay in implementing its tariff revisions and, therefore, BSLD submitted this Request for the Commission's consideration. The merits of the legal arguments discussed in Paragraphs 13 and 14 of the Request, therefore, are not before the Commission, and the Commission does not address the merits of those arguments at this time.

⁴¹ *Id.* at 10.

⁴² *Id.*

⁴³ *Id.*

⁴⁴ *See* Williams' Verified Direct Testimony at 5.

by signing up for a BellSouth Long Distance domestic calling plan.”⁴⁵ For a small monthly recurring charge, these customers can choose from among BSLD’s residential domestic toll plans that offer lower per-minute rates than BSLD’s RMTS tariff.⁴⁶ Alternatively, existing BSLD RMTS customers can choose from the offerings of the many other companies that provide toll service in South Carolina. Finally, the testimony in the record shows that BSLD’s revised actual and maximum RMTS rates are comparable to the existing actual and maximum RMTS rates of other providers in South Carolina.

IV. CONCLUSION

Based on the foregoing, it is hereby ordered that:

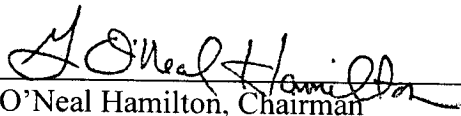
1. The Motion for Expedited Review and Approval of Request to Revise Maximum and Actual Rates is granted.
2. The Request to Revise Maximum and Actual Rates is approved.

⁴⁵ See Williams’ Verified Direct Testimony at 7.

⁴⁶ *Id.* at 5.

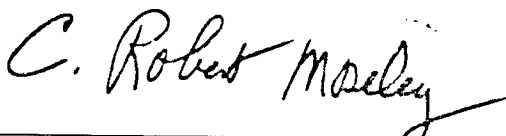
3. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



G. O'Neal Hamilton, Chairman

ATTEST:



C. Robert Moseley, Vice Chairman

(SEAL)